

# **EXHIBIT 151**

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**From:** Kevin Corrigan <Kevin.Corrigan@eigpartners.com>  
**To:** Kurt Talbot; Kevin Lowder  
**CC:** Clay Taylor; Simon Hayden  
**Sent:** 6/13/2011 11:31:05 AM  
**Subject:** RE: Sete  
**Attachments:** BRLfx.docx; Presentation - Projeto Sondas.ppt; Project Rigs\_TCW\_Final.pdf; Projeto Sondas -- Operational Agreements (02.06.2011).ppt; Risk Matrix - 11jun2011.doc; Sete Brasil Opportunity Memorandum.docx; Sete Brasil Opportunity Risks & Mitigants.docx; Sete\_XIV\_HOU\_Model\_110401.pdf; XIV\_Hou\_Sete Prelim Analysis Update\_110405.docx; XV\_Brazilian Drillship\_Generic Returns Matrix\_110224.docx

Thanks, Kurt: I'm attaching the internal memos circulated to date on this transaction, including some work Kevin L did on the Brazilian real volatility vs US dollar, modeling work, as well as four analyses prepared by local counsel, which should provide both Clay and Simon a good understanding of the proposed investment. When Kevin and I have a draft IR to circulate, we'll ask Simon and Clay for their input to assist in finalizing the IR for your review.

Best wishes, Kevin

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**From:** Kurt Talbot  
**Sent:** Monday, June 13, 2011 11:10 AM  
**To:** Kevin Corrigan; Kevin Lowder  
**Cc:** Clay Taylor; Simon Hayden  
**Subject:** Sete

Kevins,  
My understanding is that you will be circulating a draft inv rec by Wed at the latest? In the mean time, please send around the English transaction summary of the investment, and the early posting memos, as well as any other useful background information. This will be a bit of a fire drill so I've recruited Simon to assist in getting the rec done.

Thanks,



Kurt A. Talbot > Co-President & Chief Investment Officer > [kurt.talbot@eigpartners.com](mailto:kurt.talbot@eigpartners.com)

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## MEMORANDUM

To: R. Blair Thomas, Kurt Talbot  
 From: Kevin Corrigan  
 Subject: Sete Brasil/Sete International  
 Date: Feb. 7, 2011

**Introduction**

Petrobrás is establishing a holding company in Brazil, Sete Brasil Participações S.A. (which in turn will own Sete International GmbH, in Vienna, Austria) to provide the equity investments necessary to capitalize seven SPV's to build, own and operate ultra deep water drill ships to be constructed for the first time in Brazil by a locally-owned shipyard, expected to be *Estaleiro Atlantico Sul* ("EAS"). EAS is a joint venture located in the Northeastern state of Pernambuco, among Camargo Corrêa, Queiroz Galvão, and Samsung Heavy Industries, with 10% participation. Camargo and Queiroz Galvão are two of the largest and most respected construction and engineering groups in Brazil, and Samsung has extensive experience in building ultra deep water drill ships for the Brazilian oil industry, up to this point at their own facilities in South Korea.

The initial capitalization of Sete Brasil is R\$2 billion (approximately \$1.2 billion), and at this point Banco Santander, in their capacity as financial advisor to Petrobrás, has commitments in various stages of approval from the four largest pension funds in Brazil (Petros – Petrobrás; Funcef – Caixa Economica Federal; Previ – Banco do Brasil; and Valia – Vale) and the largest foreign and private domestic banks, Santander and Bradesco, respectively. EIG has an opportunity to join this select group of investors as probably the only foreign investor, which could be done at the Austrian GmbH level in US dollars. The investment vehicle will be through a private equity fund regulated by the Brazilian Securities and Exchange Commission ("CVM") (please see pg. 8 of the "Pre-Salt Oil Rigs Project" attached). It is expected that Sete Brasil will undertake an IPO during its first years of existence, which according to Banco Santander, could provide an IRR of 30% to the initial investors, who are acquiring their quotas at par.

**Investment Thesis**

The proposed investment represents an opportunity to partner with Petrobrás, a world leader in deepwater exploration and production. The Pre-Salt oil fields represent one of the largest oil discoveries in years, and represent for Petrobrás, and the Brazilian Government, a strategic objective of the highest order. As the first of four batches of seven rigs, this operation will be closely watched as a model for significantly increasing the number of ultra deep-water rigs for Brazil, which also wants to use this opportunity to further develop their ship-building industry. Therefore, the drill ships will have increasing local content requirements. While Petrobrás will have significant control of the investment and operational chain, they can ill afford for this venture to fail, which coupled with a series of risk mitigants which have been put in place, should provide a reasonable level of assurance for a successful investment. Once the ships are built and commissioned, they will enjoy long term market-based charter contracts with Petrobrás (20-years for the first two; ten years for the next five, subject to renewal by mutual agreement), which has a sterling record of honoring its financial commitments. There are performance-based bonuses, as well as adjustment mechanisms built into the Charter Contracts for US CPI. Petrobrás is also subscribing to the concept of "economic equilibrium" which ensures that delays and cost overruns don't have a detrimental effect on the base case economics. I understand the initial day rate is still under negotiation. One significant risk is that Petrobrás, as it does with all its charter agreements, can refuse to take possession of a rig if it is delayed by more than two years. However, with oil

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exploration increasingly heading to deeper waters, it is expected that these rigs, to be built to Petrobrás' exacting specifications, and supervised by their engineers, will retain high market values after the expiration of the charters, in the unlikely event they are not accepted or renewed by Petrobrás.

### **Structure**

As evident on pages 8 and 9 of the attached presentation, the Investment Fund ("FIP") will team up with Petrobrás ("BR") to capitalize Sete Brasil, which in turn will own 100% of Sete International. While the chart indicates a 95%/5% split between FIP and BR's participation, we understand the base case is now 90%/10%. Sete International will then invest in each of seven SPVs, such that their ownership will represent 85% of the equity of each SPV. Petrobrás intends to invest the remaining 15% of equity directly into the first two SPV's, while it is hoped that future SPV's will attract "strategic investors," i.e. operators, for the balance of the equity. Each SPV will own one ultra deep water drill ship valued at \$664 million (under turn-key, fixed-price, date-certain contracts), for a total investment for the first seven drill ships on the order of \$4.9 billion. Each SPV will, in turn, be capitalized on the basis of 20-25% equity, and 70-75% senior secured debt. Providers of senior debt are expected to be a combination of BNDES, Brazil's state-owned development bank, ECA's of countries where rig components are purchased, commercial banks, and capital markets, if appropriate.

A portion of the equity to the SPV's may take the form of subordinated debt, in the form of non-convertible debentures, in which case the return would be fixed, and the investors would not participate in any potential upside in the event of a successful IPO, as they would not be quota-holders.

Sete Brasil will retain the right to develop and build additional 7-rig systems under similar conditions, and Petrobrás undertakes not to create a competing structure for two years, or until 28 rigs have been contracted under this structure.

A number of contracts are in various stages of drafting; please see below some of their main points and what I view as issues which would have to be addressed should EIG decide to try to pursue this investment:

### **Main Contracts**

#### **a) Guarantee Fund for Naval Construction ("FGCN")**

- a. A R\$4 billion fund established by the Federal Government to cover debt service in the event of delays and/or cost overruns by the shipbuilder. There is no sovereign guarantee, though initial funding is from the Treasury. It is managed by the Caixa Economica Federal (same entity that manages the FIP investment vehicle) and covers up to 50% of the debt outstanding on each SPV. No more than 25% of FGCS's assets can be allocated to any one deal.

#### **b) Shareholders Agreement (between the FIP -90%, and Petrobrás – 10%)**

- a. The main provisions deal with governance: the Board of Directors will be comprised of nine individuals, as follows:
  - i. The President, who is chosen by the FIP holders from a list of three names provided by Petrobrás
  - ii. The Vice-President
  - iii. One Director appointed by Petrobrás, and
  - iv. Six directors appointed by FIP holders. As there are, in principle, six initial investors in the FIP, as noted above, we would want to ensure that EIG would be entitled to one seat on the Board.

#### **c) Quota holders' Agreement among FIP holders**

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- a. Seven directors, Caixa Economica Federal plus six investor representatives (same issue as above)
- b. There is a seven-year lock-up in the FIP, except among existing quota-holders. Otherwise, only with the approval of Petrobrás. Petrobrás itself has a ten-year lock-up in Sete Brasil, and a two-year non-compete with the existing structure.
- d) **Quota holders' Agreement between Caixa Economica Federal and each investor**
  - a. Investment Period: 10 years (10 years to divest)
  - b. Petrobrás has right of veto over all Quota holders, determined by:
    - i. Petrobrás believes you are not capable of investing in this FIP
    - ii. You are in litigation with Petrobrás,
    - iii. You compete directly with Petrobrás, or
    - iv. You are a drillship operator
- e) **Regulation of FIP**
  - a. Administered by Caixa Economica Federal
  - b. Investment Limit – 33% of quotas in Fund (i.e. no controlling interest)
    - i. Minimum investment: R\$1 million
  - c. Total Capitalization: R\$2 billion
    - i. Minimum First Closing: R\$300 million
- f) **Investment Agreement between Petrobrás and Sete Brasil**
  - a. SPV's will be 85% owned by Sete International (Austria)
    - i. 15% by Petrobrás Netherlands V.V. for first two SPV's
      - 1. Remaining 5 SPV's can be underwritten by Petrobrás, or sold, now or later, to "strategic partners," i.e. Operators. Twenty-one Operators have been pre-qualified, and include Odebrecht and Queiroz Galvão.
  - b. Part of subscription can be through subordinated debt, which would be used by Sete Brasil to increase the capital of Sete International or by Sete International to increase the capital of the SPV's. Sub-debt would take the form of simple non-convertible debentures.
  - c. During the first year of operations, a "Performance Fund" of \$56 million will be established and funded from SPV dividends to complement any shortfalls in senior debt service resulting from operator performance risk.
  - d. During years 8-10 of operations a "Renewal Fund" of \$117 million will be established and funded from SPV dividends to ensure repayment of the Sr. Debt balloon.
- g) **Timing and next steps**
  - a. At this point "soft circles" have been obtained from the previously identified pension funds and investment banks. All of them are in various stages of committee approval, and draft documentation is being reviewed and negotiated. Petrobrás is keen to close by April/May, as they have an ambitious E&P schedule, and need to provide NTP to EAS so that the first seven locally-built drill ships can be delivered in 2015 (the first two), 2016 (1), 2017 (2), 2018 (1), and 2019 (1).
  - b. We would need to provide a strong expression of interest and obtain Petrobrás' concurrence to our entry. We would also need to ascertain whether our thought of a \$50 million investment is going to be sufficient to get a seat at the table, so to speak.

## Funds XIV/XV Sete Brazil Analysis

thousands USD

Year	1	2	3	4	5	6	7	8	9	10	11	12
<b>Sources &amp; Uses: Single Asset SPE</b>												
<b>Uses</b>	<b>Total</b>											
EPC	\$ 662,429	137,595	268,842	210,652	45,339	-	-	-	-	-	-	-
Equipamentos Startup	15,000	-	-	-	15,000	-	-	-	-	-	-	-
Cota FGCN	3,781	-	-	-	3,781	-	-	-	-	-	-	-
CMA	8,360	1,734	3,389	2,655	672	-	-	-	-	-	-	-
Insurance	10,746	10,746	-	-	-	-	-	-	-	-	-	-
USD inflation adj.	13,366	997	4,079	6,140	2,150	-	-	-	-	-	-	-
BRL inflation adj.	25,617	5,261	10,169	8,364	1,824	-	-	-	-	-	-	-
Total Construction	739,289	156,333	286,478	227,812	68,666	-	-	-	-	-	-	-
Bridge Loan Principal Repayment	156,077	-	156,077	-	-	-	-	-	-	-	-	-
Bridge Loan Interest	6,216	-	6,216	-	-	-	-	-	-	-	-	-
Other Financial Costs	2,069	-	2,069	-	-	-	-	-	-	-	-	-
Total Financial Costs During Construction	164,362	-	164,362	-	-	-	-	-	-	-	-	-
<b>Total Uses</b>	<b>903,651</b>	<b>156,333</b>	<b>450,840</b>	<b>227,812</b>	<b>68,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources</b>	<b>Total</b>	<b>Pricing</b>										
Bridge Loan	\$ 156,077	L+ 300	117,250	38,827	-	-	-	-	-	-	-	-
BNDES USD	336,408	L+ 275	-	202,993	102,515	30,900	-	-	-	-	-	-
ECAs	149,515	L+ 300	-	90,219	45,562	13,733	-	-	-	-	-	-
Commercial Banks	112,136	L+ 300	-	67,664	34,172	10,300	-	-	-	-	-	-
Total Senior Debt	754,136		117,250	399,705	182,249	54,933	-	-	-	-	-	-
Subdebt: A Class	42,612	IPCA+ 650	-	25,713	12,985	3,914	-	-	-	-	-	-
Total Debt	796,748		117,250	425,417	195,234	58,846	-	-	-	-	-	-
Equity A Class	113,135	equity	35,730	41,368	27,690	8,346	-	-	-	-	-	-
Equity B Class	16,035	equity & cost+ svc.	3,353	6,323	4,887	1,473	-	-	-	-	-	-
Bridge Loan Refi Excess Proceeds	(22,267)	-	-	(22,267)	-	-	-	-	-	-	-	-
Total Equity	106,903		39,083	25,423	32,577	9,819	-	-	-	-	-	-
<b>Total Sources</b>	<b>903,651</b>		<b>156,333</b>	<b>450,840</b>	<b>227,812</b>	<b>68,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Funds XIV/XV Sete Brazil Analysis**

thousands USD

Year 1 2 3 4 5 6 7 8 9 10 11 12

**Operating Cash Flow Buildup: Single Asset SPE****Dayrate Summary****Base Rate USD****Description**

Charter Contract Dayrate	\$	296.0	Base revenue source
Service Contract Dayrate	\$	162.0	Opex pass thru to Class B
<b>Total Nameplate Dayrate</b>	<b>\$</b>	<b>458.0</b>	

**Base Rate USD****Currency Election**

Charter Dayrate USD	\$	236.8	80% paid in USD	\$	-	\$	-	\$	-	\$	250.7	\$	251.7	\$	253.0	\$	254.3	\$	255.7	\$	257.0	\$	258.2	\$	259.5
Charter Dayrate BRL	\$	59.2	20% paid in BRL	R\$	-	R\$	-	R\$	-	R\$	130.8	R\$	134.8	R\$	140.2	R\$	145.8	R\$	151.6	R\$	157.7	R\$	164.0	R\$	170.5
<b>Total USD Equivalent Charter Dayrate</b>	<b>\$</b>	<b>296.0</b>	<b>(elect up to 50/50)</b>	\$	-	\$	-	\$	-	\$	313.1	\$	314.7	\$	317.0	\$	319.4	\$	321.8	\$	324.2	\$	326.7	\$	329.3

Assumed Operating Uptime		0%	0%	0%	0%	71%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
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Charter Revenues (USD Equivalent)	(dayrate) x (uptime) + (bonu:	\$	-	\$	-	\$	-	\$	-	\$	83,938	\$	115,008	\$	116,875	\$	117,752	\$	118,965	\$	119,513	\$	120,434	\$	121,384
Plus: Mobilization Rate	mobe cost offset	-	-	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: Insurance & Spare Parts Rate	maintenance cost offset	-	-	-	-	-	-	-	-	-	9,144	12,232	12,264	12,264	12,264	12,298	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264
Total Revenues		\$	-	\$	-	\$	-	\$	-	\$	123,082	\$	127,240	\$	129,139	\$	130,016	\$	131,262	\$	131,777	\$	132,698	\$	133,648

Insurance & Spare Parts Expense		-	-	-	-	(9,144)	(12,232)	(12,264)	(12,264)	(12,298)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)
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<b>EBITDA</b>		<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>113,938</b>	<b>\$</b>	<b>115,008</b>	<b>\$</b>	<b>116,875</b>	<b>\$</b>	<b>117,752</b>	<b>\$</b>	<b>118,965</b>	<b>\$</b>	<b>119,513</b>	<b>\$</b>	<b>120,434</b>	<b>\$</b>	<b>121,384</b>
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Capex	(156,333)	(286,479)	(227,812)	(68,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	(24,139)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Income (expense)	-	(2,069)	-	-	-	363	314	260	286	318	328	335	366												
<b>Unlevered Free Cash Flow</b>	<b>(156,333)</b>	<b>(288,547)</b>	<b>(227,812)</b>	<b>(68,666)</b>	<b>90,161</b>	<b>115,323</b>	<b>117,134</b>	<b>118,037</b>	<b>119,282</b>	<b>119,841</b>	<b>120,769</b>	<b>121,750</b>													

**Funds XIV/XV Sete Brazil Analysis**

thousands USD

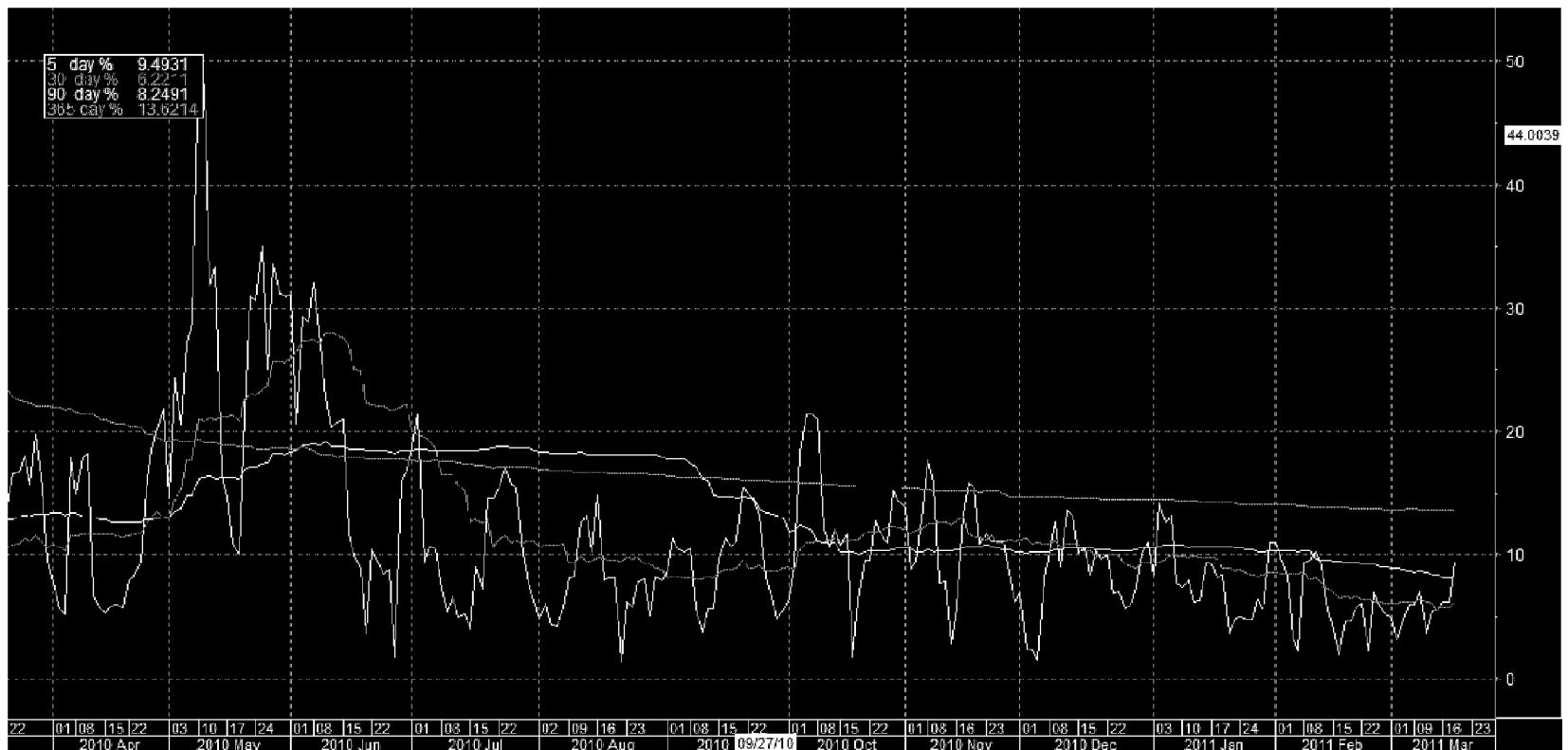
Year	1	2	3	4	5	6	7	8	9	10	11	12
<b>Cash Waterfall: Single Asset SPE</b>												
Unlevered Free Cash Flow	(166,333)	(288,547)	(227,812)	(68,666)	90,161	115,323	117,134	118,037	119,282	119,841	120,769	121,750
Funds Disbursement:												
Senior Fundings	117,250	399,705	182,249	54,933	19,873	-	-	-	-	-	-	-
Sub Debt Fundings	-	25,713	12,985	3,914	-	-	-	-	-	-	-	-
Class A Equity Fundings (85%)	35,730	19,101	27,690	8,346	-	-	-	-	-	-	-	-
Class B Equity Fundings (15%)	3,353	6,323	4,887	1,473	-	-	-	-	-	-	-	-
Total Funds Disbursement	156,333	450,840	227,812	68,666	19,873	-	-	-	-	-	-	-
Cash Available for Debt Service	-	162,293	-	-	110,034	115,323	117,134	118,037	119,282	119,841	120,769	121,750
Debt Service:												
Senior Principal	-	(162,293)	-	-	(18,748)	(38,749)	(41,495)	(42,405)	(43,985)	(47,489)	(51,042)	(52,767)
Senior Interest	-	-	-	-	(17,704)	(38,612)	(41,005)	(39,475)	(37,356)	(34,011)	(30,405)	(26,575)
Total Senior Debt Service	-	(162,293)	-	-	(36,452)	(77,361)	(82,500)	(81,880)	(81,340)	(81,500)	(81,447)	(79,342)
Sub Debt Principal	-	-	-	-	-	-	(816)	(1,192)	(1,322)	(1,467)	(1,627)	(1,804)
Sub Debt Interest	-	-	-	-	(2,895)	(5,790)	(5,768)	(5,658)	(5,528)	(5,383)	(5,223)	(5,046)
Total Subordinated Debt Service	-	-	-	-	(2,895)	(5,790)	(6,585)	(6,850)	(6,850)	(6,850)	(6,850)	(6,850)
DSR Funding Cash Adjustment	-	-	-	-	(18,722)	(1,222)	891	989	764	616	1,185	869
Total Debt Service	-	(162,293)	-	-	(58,069)	(84,372)	(88,194)	(87,741)	(87,426)	(87,532)	(87,112)	(85,323)
Cash Available to Shareholders	-	-	-	-	51,965	30,951	28,941	30,296	31,856	32,310	33,657	36,427
Class A Dividends (85%)	-	-	-	-	(40,944)	(29,534)	(24,600)	(25,762)	(27,077)	(27,463)	(28,608)	(30,963)
Class B Dividends (15%)	-	-	-	-	(7,225)	(5,212)	(4,341)	(4,544)	(4,778)	(4,846)	(5,048)	(5,464)
Total Equity Distributions	-	-	-	-	(48,170)	(34,746)	(26,941)	(30,296)	(31,856)	(32,310)	(33,657)	(36,427)
Remaining Cash Balance	-	-	-	-	3,795	(0)	(0)	(0)	(0)	(0)	-	-

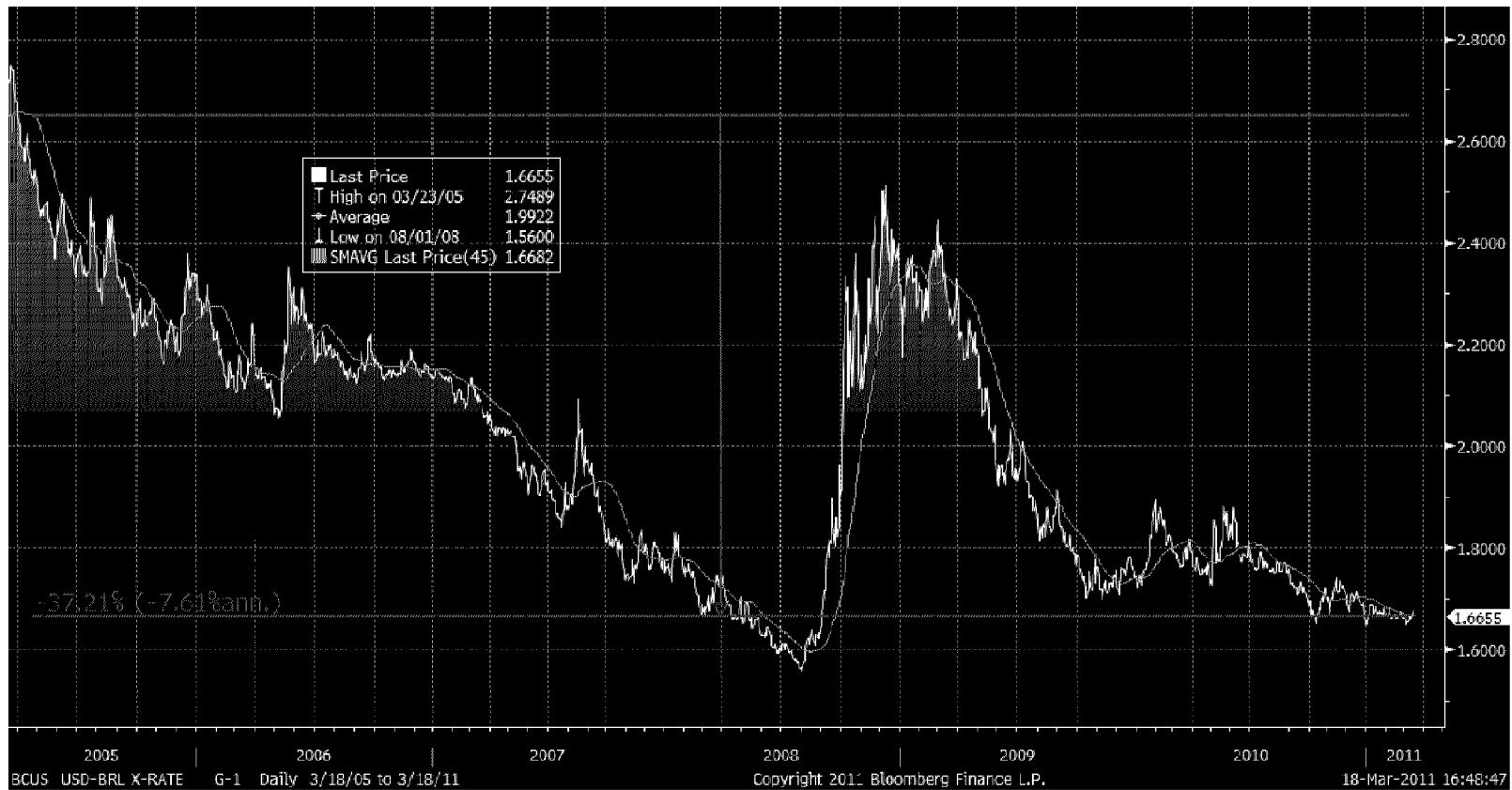


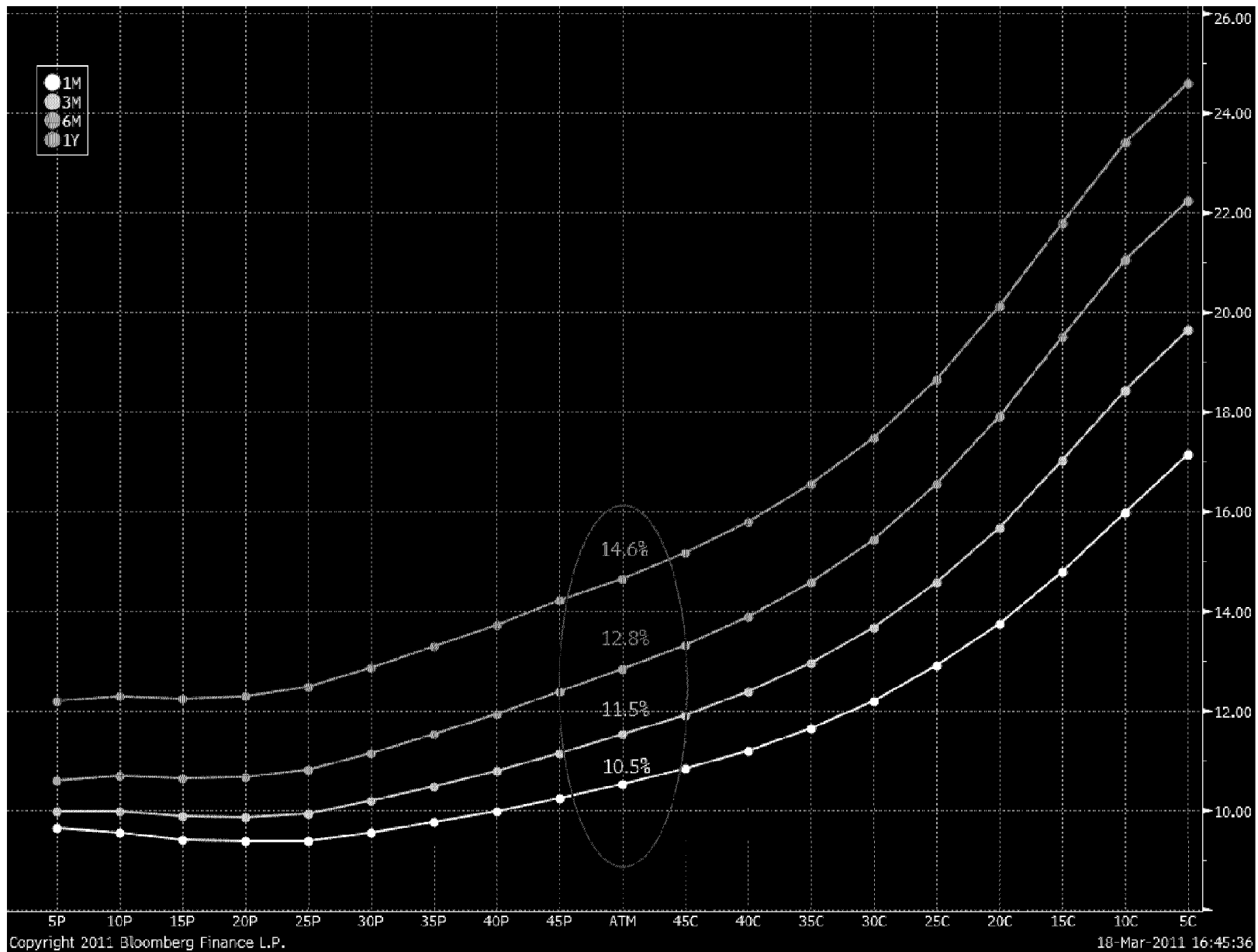
**Funds XIV/XV Sete Brazil Analysis**

thousands USD	Year	1	2	3	4	5	6	7	8	9	10	11	12
<b>Fund XIV/XV Cash Flow &amp; Credit Metrics</b>													
Class A Shares: Single Asset CF	% Total	Investment											
Fund XIV/XV Share	100%	\$90,868	\$ (35,730)	\$ (19,101)	\$ (27,690)	\$ (8,346)	\$ 40,944	\$ 29,534	\$ 24,600	\$ 25,752	\$ 27,077	\$ 27,463	\$ 28,608
	24.6%	\$22,323	(8,778)	(4,892)	(6,803)	(2,050)	10,059	7,256	6,043	6,326	6,652	6,747	7,028
7 Rig Program Development Schedule		Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
SPE 1		17%	34%	36%	5%	7%							
SPE 2		14%	28%	41%	10%	0%	7%						
SPE 3		14%	22%	31%	24%	0%	10%						
SPE 4		14%	8%	19%	48%	8%	0%	4%					
SPE 5		14%	7%	4%	25%	45%	1%	0%	4%				
SPE 6		14%	6%	1%	1%	46%	30%	0%	2%				
SPE 7		14%	6%	1%	0%	3%	31%	32%	8%	5%			
Class A Shares: Full Project Developme	Commitment	Net Drawdown											
Fund XIV/XV Share	\$651,284	\$495,713	\$ (164,698)	\$ (24,978)	\$ (116,814)	\$ (104,304)	\$ (70,088)	\$ (14,830)	\$ 52,654	\$ 121,455	\$ 131,545	\$ 164,450	\$ 145,525
	\$160,000	\$121,781	\$ (40,461)	\$ (6,137)	\$ (28,697)	\$ (25,624)	\$ (17,218)	\$ (3,643)	\$ 12,935	\$ 29,838	\$ 32,316	\$ 40,400	\$ 35,751
IRR	20.9%		-	-	-	-	-	-	0.0%	-20.3%	-8.7%	-0.9%	3.4%
ROI (end of original contracts)	6.0x		-	-	-	-	-	-	0.1x	0.4x	0.6x	0.9x	1.2x

	Max	Average
Total Debt Balance		
DCSR		
Currency Risk		
USD Inflows		
BRL Inflows		
USD Debt Service		
USD to Dividend		
BRL to Dividend		







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## MEMORANDUM

**To:** K. Talbot; B. Thomas  
**From:** K. Corrigan, C. Taylor, K. Lowder  
**Subject:** Sete Brazil  
**Date:** April 4, 2011



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The attached analyses cover the perceived risks of a potential investment in Sete Brazil and highlight the cash flows from both a single asset (one of seven drillships) and a full project development.

Based on the preliminary work completed to date, it is the investment team's view that the opportunity warrants more thorough due diligence and the indicated returns, risks and structure fit the criteria for Funds XIV and/or XV investment consideration.

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Sources & Uses: Single Asset SPE		Year	1	2	3	4
Uses		Total				
EPC	\$ 662,429		137,595	268,842	210,652	45,339
Equipamentos Startup	15,000		-	-	-	15,000
Cota FGCN	3,781		-	-	-	3,781
CMA	8,350		1,734	3,389	2,655	572
Insurance	10,746		10,746	-	-	-
USD inflation adj.	13,366		997	4,079	6,140	2,150
BRL inflation adj.	25,617		5,261	10,169	8,364	1,824
Total Construction	739,289		156,333	286,479	227,812	68,666
Bridge Loan Principal Repayment	156,077		-	156,077	-	-
Bridge Loan Interest	6,216		-	6,216	-	-
Other Financial Costs	2,069		-	2,069	-	-
Total Financial Costs During Construct	164,362		-	164,362	-	-
<b>Total Uses</b>	<b>903,651</b>		<b>156,333</b>	<b>450,840</b>	<b>227,812</b>	<b>68,666</b>
Sources		Total	Pricing			
Bridge Loan	\$ 156,077		L+ 300	117,250	38,827	-
BNDES USD	336,408		L+ 275	-	202,993	102,515
ECAs	149,515		L+ 300	-	90,219	45,562
Commercial Banks	112,136		L+ 300	-	67,664	34,172
Total Senior Debt	754,136			117,250	399,705	182,249
Subdebt: A Class	42,612		IPCA+ 650	-	25,713	12,985
Total Debt	796,748			117,250	425,417	195,234
Equity A Class	119,135	equity		35,730	41,368	27,690
Equity B Class	16,035	equity & cost+ svc.		3,353	6,323	4,887
Bridge Loan Refi Excess Proceeds	(22,267)	-		-	(22,267)	-
Total Equity	106,903			39,083	25,423	32,577
<b>Total Sources</b>	<b>903,651</b>			<b>156,333</b>	<b>450,840</b>	<b>227,812</b>

**Construction Risk** – EIG originally identified cost overruns and delivery delays as a primary risk due to local content mandates to employ Brazilian shipyards. The structure of the transaction mitigates the identified risk as follows: (i) only 42% of the EPC is dedicated to Brazilian yards which is primarily dedicated to the lower spec portions of each drillship while the remaining 58% is earmarked for construction of higher spec components at proved, world class yards in southeast asia, (ii) the contracts are turnkey therefore evaluation of the cost-risk becomes a credit exercise, (iii) standard construction time for comparable vessels is approximately 2.5 years, budgeted time for the Sete vessels is 4.0 - 4.5 years, an outside date for contract termination allows for up to 6 years and all penalties issued by Petrobras to Sete are pass-thru to the EPC contractor prior to the outside date.

**Debt Pricing and Refinancing** – the timing of the debt pricing relative to equity commitments is TBD. The bridge loan creates near term refinancing risk while the project naturally incurs longer-term refinancing risk.

Operating Cash Flow Buildup: Single Asset SPE			Year	1	2	3	4	5	6	7	8	9	10	11	12													
Dayrate Summary			Base Rate USD	Description																								
Charter Contract Dayrate			\$	296.0	Base revenue source																							
Service Contract Dayrate			\$	162.0	Opex pass thru to Class B																							
Total Nameplate Dayrate			\$	458.0																								
			Base Rate USD	Currency Election																								
Charter Dayrate USD			\$	236.8	80% paid in USD																							
Charter Dayrate BRL			\$	59.2	20% paid in BRL																							
Total USD Equivalent Charter Dayrate			\$	296.0	elect up to 50/50																							
Assumed Operating Uptime				0%	0%	0%	0%	71%	96%	96%	96%	96%	96%	96%	96%													
Charter Revenues (USD Equivalent)				(dayrate) x (uptime) + (bonu	\$	-	\$	-	\$	-	\$	-	\$	83,938	\$	115,008	\$	118,875	\$	117,752	\$	118,965	\$	119,513	\$	120,434	\$	121,384
Plus: Mobilization Rate				mobe cost offset	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: Insurance & Spare Parts Rate				maintenance cost offset	-	-	-	-	-	9,144	12,232	12,264	12,264	12,298	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264	12,264
Total Revenues					\$	-	\$	-	\$	-	\$	-	\$	123,082	\$	127,240	\$	129,139	\$	130,016	\$	131,262	\$	131,777	\$	132,698	\$	133,648
Insurance & Spare Parts Expense					-	-	-	-	-	(9,144)	(12,232)	(12,264)	(12,264)	(12,298)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)	(12,264)
EBITDA					\$	-	\$	-	\$	-	\$	-	\$	113,938	\$	115,008	\$	116,875	\$	117,752	\$	118,965	\$	119,513	\$	120,434	\$	121,384
Capex					(156,333)	(288,479)	(227,812)	(68,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes					-	-	-	-	-	(24,139)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Income (expense)					-	(2,069)	-	-	-	363	314	260	286	318	328	335	366											
Unlevered Free Cash Flow					(156,333)	(288,547)	(227,812)	(68,666)	90,161	115,323	117,134	118,037	119,282	119,841	120,769	121,750												

**Operating Expense Overruns:** In a standard investment in a drilling contractor, opex is a variable for the common shareholder. In the Sete structure, the dayrate has been bifurcated and the Class B Shareholder (rig operator) will bear the burden of daily cost inefficiencies. The Service Contract Dayrate essentially creates a cost plus O&M arrangement and mitigates the Class A Shareholder's risk associated with opex.

**Charter Currency Election:** The charter payments currency mix of USD & BRL can be elected by the Class A Shareholders not to exceed 50% local currency and up to 100% dollars. 80% USD and 20% BRL is the indicated preferred mix of currency given the debt service is weighted toward USD (analysis on page 4). This is a potential tool for EIG to further mitigate currency risk.

**Maintenance Capex:** The Insurance & Spare Parts Expense provision of the operating contract is a pass-thru mechanism with Petrobras. Limitations on this subsidy is an outstanding diligence item.

**Tax Regime:** Certain project taxes exist upon delivery of the vessels though depending on the ultimate investment structure it is unclear whether any specific taxes will be imposed related to a Fund XIV/XV foreign investment

Cash Waterfall: Single Asset SPE	Year	1	2	3	4	5	6	7	8	9	10	11	12
Unlevered Free Cash Flow		(156,333)	(288,547)	(227,812)	(68,666)	90,161	115,323	117,134	118,037	119,282	119,841	120,769	121,750
Funds Disbursement:													
Senior Fundings		117,250	399,705	182,249	54,933	19,873	-	-	-	-	-	-	-
Sub Debt Fundings		-	25,713	12,985	3,914	-	-	-	-	-	-	-	-
Class A Equity Fundings (85%)		35,730	19,101	27,090	8,346	-	-	-	-	-	-	-	-
Class B Equity Fundings (15%)		3,353	6,323	4,887	1,473	-	-	-	-	-	-	-	-
Total Funds Disbursement		156,333	450,840	227,812	68,666	19,873	-	-	-	-	-	-	-
Cash Available for Debt Service		-	162,293	-	-	110,034	115,323	117,134	118,037	119,282	119,841	120,769	121,750
Debt Service:													
Senior Principal		-	(162,293)	-	-	(18,748)	(38,749)	(41,495)	(42,405)	(43,985)	(47,489)	(51,042)	(52,767)
Senior Interest		-	-	-	-	(17,704)	(38,812)	(41,005)	(39,475)	(37,358)	(34,011)	(30,405)	(26,575)
Total Senior Debt Service		-	(162,293)	-	-	(36,452)	(77,561)	(82,500)	(81,880)	(81,340)	(81,500)	(81,447)	(79,342)
Sub Debt Principal		-	-	-	-	-	-	(816)	(1,192)	(1,322)	(1,467)	(1,627)	(1,804)
Sub Debt Interest		-	-	-	-	(2,895)	(5,790)	(5,768)	(5,658)	(5,528)	(5,383)	(5,223)	(5,046)
Total Subordinated Debt Service		-	-	-	-	(2,895)	(5,790)	(6,585)	(6,850)	(6,850)	(6,850)	(6,850)	(6,850)
DSR Funding Cash Adjustment		-	-	-	-	(18,722)	(1,222)	891	989	764	818	1,185	869
Total Debt Service		-	(162,293)	-	-	(58,069)	(84,372)	(89,194)	(87,741)	(87,426)	(87,532)	(87,112)	(85,323)
Cash Available to Shareholders		-	-	-	-	51,965	30,951	28,941	30,296	31,856	32,310	33,657	36,427
Class A Dividends (85%)		-	-	-	-	(40,944)	(29,534)	(24,600)	(25,752)	(27,077)	(27,463)	(28,608)	(30,963)
Class B Dividends (15%)		-	-	-	-	(7,225)	(5,212)	(4,341)	(4,544)	(4,778)	(4,846)	(5,048)	(5,464)
Total Equity Distributions		-	-	-	-	(48,170)	(34,746)	(28,941)	(30,296)	(31,856)	(32,310)	(33,657)	(36,427)
Remaining Cash Balance		-	-	-	-	3,795	(0)	(0)	(0)	(0)	(0)	-	-

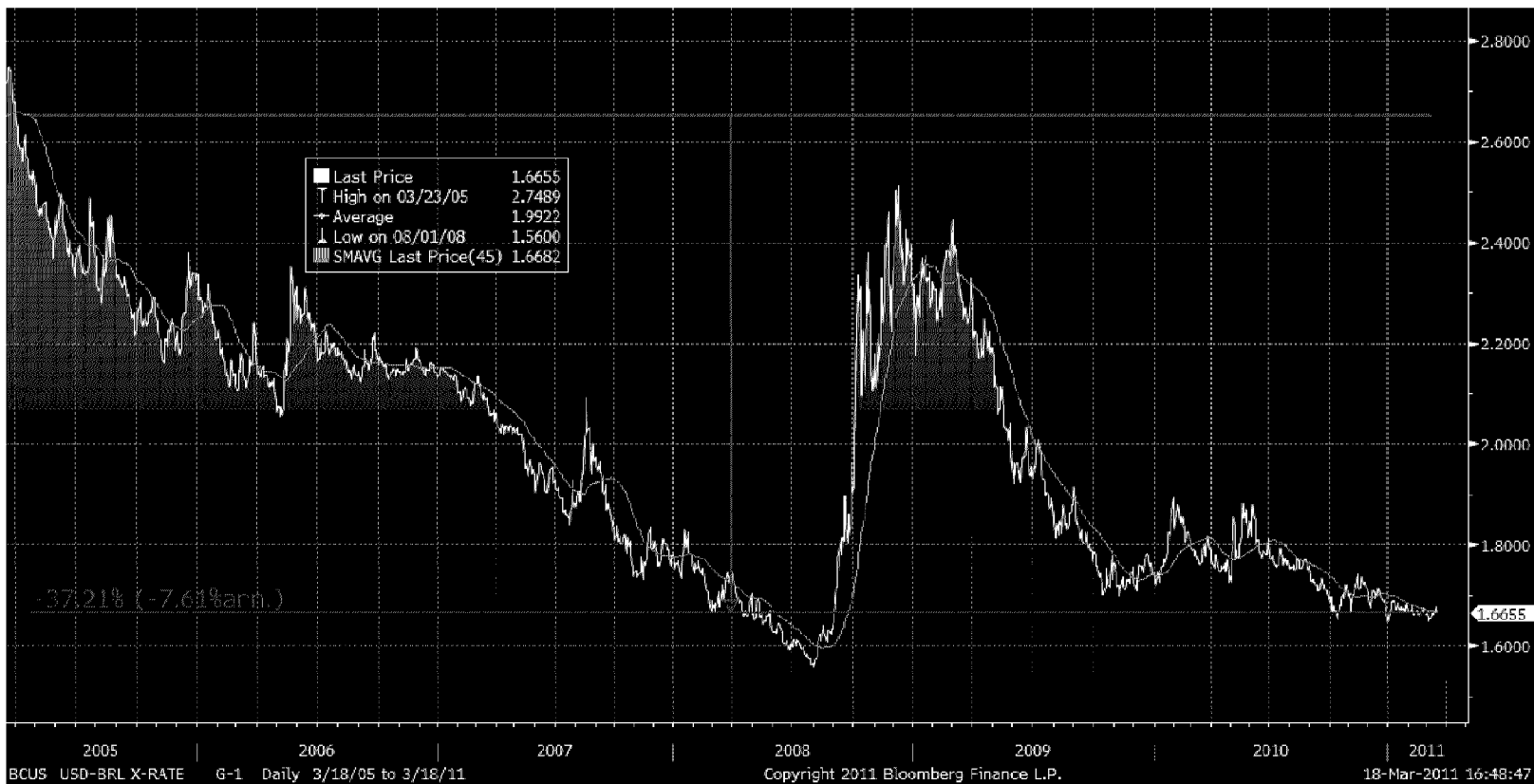


**FX:** At the project level, long term FX risk is mitigated by inflation adjustments to the dayrate. BRL elected charter payments adjust 100% with IPCA Brazilian Inflation. Shorter term inflation is limited to intra-quarter dividend flows (monthly payments held in local currency until a quarterly dividend payment are subject to short term FX movement). The outcome is relatively minimal overall direct currency exposure even before attempts to hedge (or simply request a higher proportion of USD charter payments).

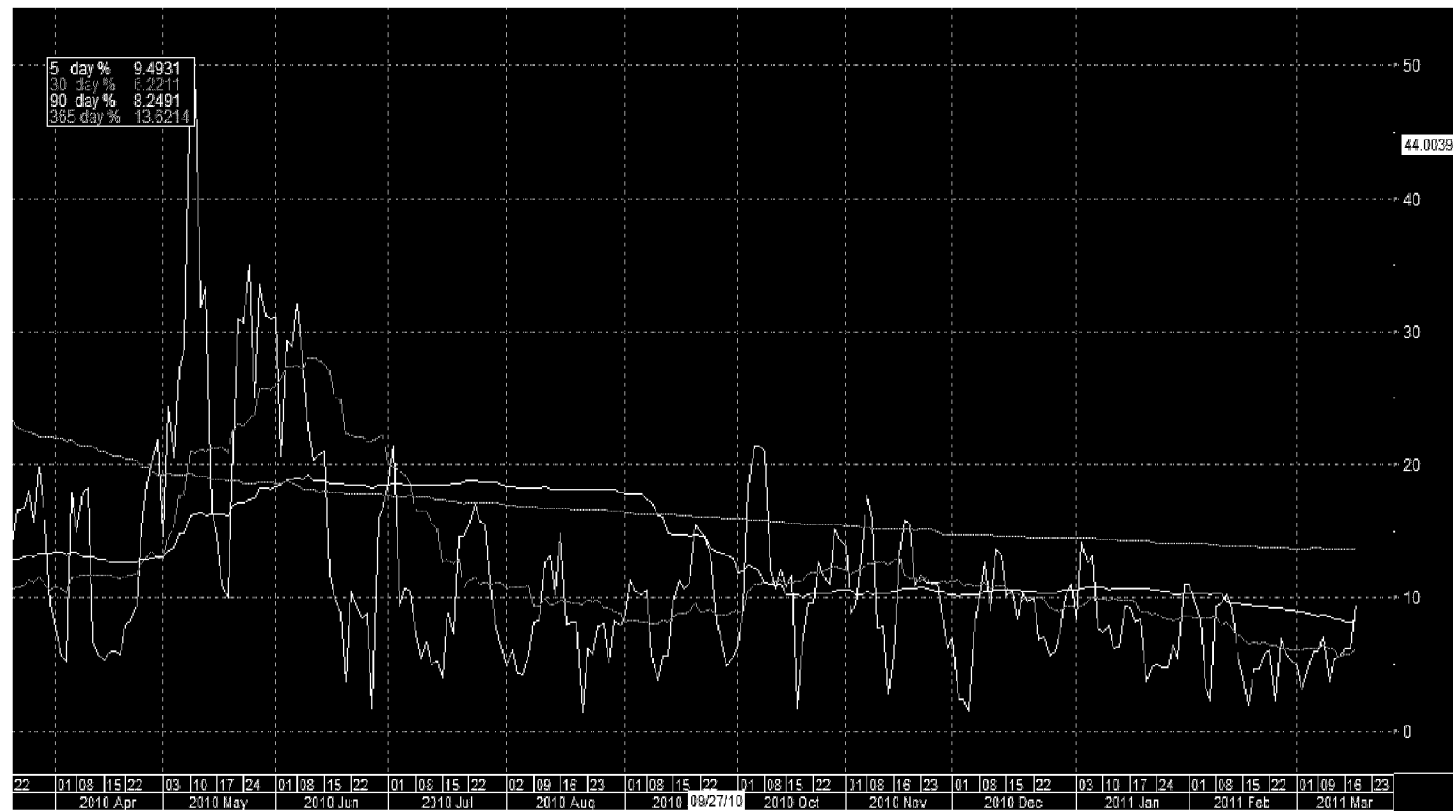
Washington, DC > Houston > New York > London > Sydney

The following pages explore the USD/BRL volatility, history and indicative markets.

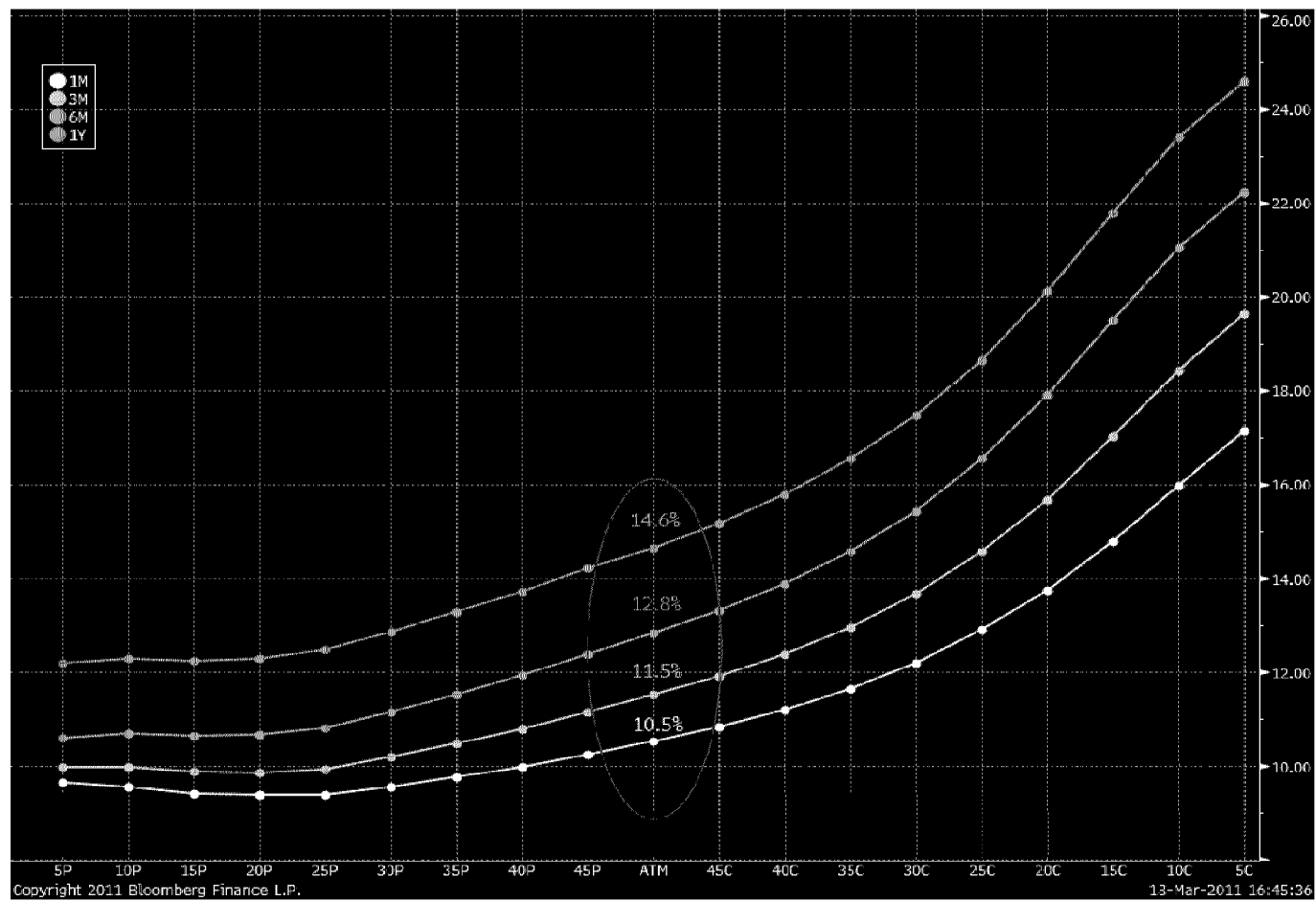
BRL/USD Historical Trading



BRL/USD Historical Volatility



BRL/USD Indicative Market Volatility



Washington, DC > Houston > New York > London > Sydney